

STAFFORDSHIRE MOORLANDS DISTRICT COUNCIL

Audit & Accounts Committee

25th June 2021

TITLE:	Treasury Management Update
PORTFOLIO HOLDER:	Councillor Ralphs – Council Leader SMDC
CONTACT OFFICER:	Keith Pointon – Interim Head of Finance Emily Bennetts – Finance Business Partner
WARDS INVOLVED:	Non-specific

Appendices Attached – Appendix A – Treasury Management Mid-Year Update Report to 31st May 2021

1. Reason for the Report

- 1.1. The purpose of the report is to allow the robust scrutiny of the Council's Treasury Management performance in 2021/22 in compliance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management and generally accepted good practice.

2. Recommendation

- 2.1. That Members note the current Treasury Management position as at 31st May 2021.

3. Executive Summary

- 3.1. The CIPFA Code of Practice on Treasury Management was adopted by the Council in February 2010. This Council fully complies with its requirements, one of which is to produce at least one mid-year operational report.

- 3.2. This report comprises the following:

- The latest interest rate forecast and comment on the impacts of Covid-19;
- Investment income earned to date and projected for the year;
- The current investment portfolio;
- The projected borrowing requirements with associated borrowing costs for the year; and
- Compliance against prudential and treasury indicators set in the Treasury Management Strategy 2021/22.

3.3. The main headlines are:

- There is no expectation for any increase to the Bank of England base rate within the medium term.
- All interest income is forecast to be on target at this early point in the year for Investments in financial institutions and also from the Ascent loan and Debenture. This is subject to change pending the Ascent Delivery model review and any new loan arrangement.
- The borrowing costs budget to support the existing Ascent loan balance and general fund borrowing requirement is also forecast on target and will be affected by the outcome of the same decisions on the Ascent loan.
- The average return on investments to the end of May was 0.11%, this was boosted by the notice account investments, whereas instant access accounts earn interest at 0.01%.
- The Council's investment portfolio totalled £16.1million spread across six separate institutions as at 31st May 2021.
- The Council's external debt is forecast to be £13million by the end of the year at an average annual borrowing rate of 0.75%.

4. How this report links to Corporate Priorities

- 4.1. An effective Treasury Management function is critical in safeguarding and effectively managing the financial resources at the Council's disposal. Sufficient financial resources are required to deliver and underpin all of the Council's main priorities.

5. Alternative Options

- 5.1. This report sets out the Treasury Management position for Staffordshire Moorlands District Council for 2021/22 to date and the projected outturn. As such it is a statement of fact and there are no options.

6. Implications

6.1. Community Safety - (Crime and Disorder Act 1998)

None

6.2. Workforce

None

6.3. Equality and Diversity/Equality Impact Assessment

This report has been prepared in accordance with the Council's Diversity and Equality Policies.

6.4. Financial Considerations

Included throughout the report

6.5. Legal

None

6.6. Climate Change

Ethical Investing under Environmental, Social and Governance (ESG) is considered within the report

6.7. Consultation

None

6.8. Risk Assessment

There are a number of inherent financial risks associated with Treasury Management activity, not least the potential for loss of interest and/ or deposits. For this reason, the Council engages the services of external Treasury Management advisors, Link Asset Services ('Link').

Investment and borrowing decisions are made in accordance with the Council's formally adopted Treasury Management Strategy. That Strategy includes a number of risk management features such as the overriding priority that security of deposit takes precedence over return on investment.

Claire Hazeldene
Interim Executive Director & Chief Finance Officer

Web Links and

Background Papers

'Treasury Management – Governance & Scrutiny Arrangements' (Audit & Accounts Committee September 2009)

'Treasury Management Strategy Statement 2021/22' (Audit & Accounts Committee February 2021)

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